Critical Access Hospital Fact Sheet[i]

Critical Access Hospital (CAH) designation is a core component of the Medicare Rural Hospital Flexibility (Flex) Program. The intent of designating hospitals as "critical access" is to:

- Preserve access to primary care and emergency services,
- Provide health care services that meet community needs,
- Help assure the financial viability of the hospital through improved reimbursement and different operating requirements

A CAH is a small, rural, acute care facility that provides outpatient, emergency, and limited inpatient services. The primary benefit of designation as a CAH is exemption from the prospective payment system, and receiving cost-based reimbursement for services based on 101 percent of the CAH's reasonable costs. Additional benefits include: the ability to claim capital improvement and equipment costs in the Medicare cost report, eligibility for CAH specific grants and network participation, and flexibility with staffing and hospital programs (state-specific).

Eligibility depends on geographic, population and facility characteristics. In addition, individual states have the option of designating a facility as a "necessary provider" in place of some of the geographic requirements. The necessary provider provision is due to sunset on January 1, 2006.

Geographic and population criteria

- Located in a rural area.
- More than a 35-mile drive, or 15 miles in mountainous terrain or areas with only secondary roads, from another hospital or CAH.
- Located outside of a Metropolitan Statistical Area (MSA) and not classified as "urban" for Medicare standardized payment or by the Medicare Geographic Review Board; located in a rural urban community area (RUCA), in an MSA, or be designated by the state as a necessary provider of health care services to residents in the area.

Facility characteristics

- A licensed, acute care hospital.
- Have up to 25 beds with any combination of acute or swing (semi-skilled beds for patients meeting certain criteria). Observation beds are included in the 25-bed count.
- Provide inpatient care for no more than a 96-hour average length of stay.
- Must provide 24-hour emergency care, but is not required to meet all the staffing and service requirements that apply to full service hospitals (e.g. some ancillary and support services may be provided on a part-time, off-site basis).
- May have up to two 10-bed distinct part units (DPU) for rehabilitation or psychiatric services (but only one of each) that do not count against the 25-bed limit. DPUs are paid under the prospective payment system.

[i] http://www.ruralcenter.org/tasc/flex.php as accessed 3/24/09